



January 28, 2014

HOUSE BILL No. 1231

DIGEST OF HB 1231 (Updated January 28, 2014 12:42 pm - DI 92)

Citations Affected: IC 5-10.2; IC 10-12.

Synopsis: Pension cost of living adjustments. Provides for cost of living adjustments for certain members of the: (1) public employees' retirement fund; (2) Indiana state teachers' retirement fund; (3) the state police pre-1987 benefit system; and (4) the state police 1987 benefit system.

Effective: Upon passage.

Gutwein, Niezgodski, Carbaugh

January 14, 2014, read first time and referred to Committee on Employment, Labor and Pensions.

January 15, 2014, reported — Do Pass. Recommitted to Committee on Ways and Means.

January 28, 2014, amended, reported — Do Pass.

HB 1231—LS 6915/DI 113



January 28, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1231

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 44. (a) The pension portion (plus**
4 **postretirement increases to the pension portion) provided by**
5 **employer contributions of the monthly benefit payable after June**
6 **30, 2014, to a member of the public employees' retirement fund (or**
7 **to a survivor or beneficiary of a member of the public employees'**
8 **retirement fund) who retired or was disabled before January 1,**
9 **2014, shall be increased by the amount determined under STEP**
10 **SIX of the following formula:**
11 **STEP ONE: Multiply:**
12 **(A) the lesser of:**
13 **(i) the number of years of the member's creditable**
14 **service; or**
15 **(ii) thirty (30) years; by**
16 **(B) ten dollars (\$10).**

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STEP TWO: Multiply:

- (A) the pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable to the member as of January 1, 2014; by
- (B) twelve (12).

STEP THREE: Multiply:

- (A) the lesser of:
 - (i) the STEP TWO result; or
 - (ii) thirty thousand dollars (\$30,000); by
- (B) a percentage, as applicable, equal to:
 - (i) five-tenths percent (0.5%), if the member retired after December 31, 1994;
 - (ii) one percent (1%), if the member retired after December 31, 1982, and before January 1, 1995; or
 - (iii) one and five-tenths percent (1.5%), if the member retired before January 1, 1983.

STEP FOUR: Determine the lesser of:

- (A) the STEP THREE result; or
- (B) three hundred dollars (\$300).

STEP FIVE: Add:

- (A) the STEP ONE result; and
- (B) the STEP FOUR result.

STEP SIX: Divide:

- (A) the STEP FIVE result; by
- (B) twelve (12).

(b) The creditable service used to determine the amount of the increased monthly benefit payable to a member (or to a survivor or beneficiary of a member) under this section is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4, except that partial years of creditable service may not be used to determine the amount of the increased monthly benefit payable under this section.

(c) Subsection (a) does not apply to a member of the public employees' retirement fund (or to a survivor or beneficiary of a member of the public employees' retirement fund) whose creditable service was earned only as an elected official.

(d) The increases specified in this section:

- (1) are based on the date of the member's latest retirement or disability;
- (2) do not apply to benefits payable in a lump sum; and
- (3) are in addition to any other increase provided by law.



SECTION 2. IC 5-10.2-5-45 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 45. (a) The pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable after June 30, 2014, to a member of the Indiana state teachers' retirement fund (or to a survivor or beneficiary of a member of the Indiana state teachers' retirement fund) who retired or was disabled before January 1, 2014, shall be increased by the amount determined under STEP SIX of the following formula:**

STEP ONE: Multiply:

(A) the lesser of:

- (i) the number of years of the member's creditable service; or**
- (ii) thirty (30) years; by**

(B) ten dollars (\$10).

STEP TWO: Multiply:

(A) the pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable to the member as of January 1, 2014; by

(B) twelve (12).

STEP THREE: Multiply:

(A) the lesser of:

- (i) the STEP TWO result; or**
 - (ii) thirty thousand dollars (\$30,000); by**
- (B) a percentage, as applicable, equal to:**
- (i) five-tenths percent (0.5%), if the member retired after December 31, 1994;**
 - (ii) one percent (1%), if the member retired after December 31, 1982, and before January 1, 1995; or**
 - (iii) one and five-tenths percent (1.5%), if the member retired before January 1, 1983.**

STEP FOUR: Determine the lesser of:

(A) the STEP THREE result; or

(B) three hundred dollars (\$300).

STEP FIVE: Add:

(A) the STEP ONE result; and

(B) the STEP FOUR result.

STEP SIX: Divide:

(A) the STEP FIVE result; by

(B) twelve (12).



(b) The creditable service used to determine the amount of the increased monthly benefit payable to a member (or to a survivor or beneficiary of a member) under this section is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4, except that partial years of creditable service may not be used to determine the amount of the increased monthly benefit payable under this section.

(c) The increases specified in this section:

(1) are based upon the date of the member's latest retirement or disability;

(2) do not apply to benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law.

SECTION 3. IC 10-12-3-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Subject to subsection (c), the basic monthly pension amount (plus postretirement increases) payable after June 30, 2014, to an employee beneficiary of the state police pre-1987 benefit system who retired or was disabled before July 2, 2013, and who had at least twenty (20) years of service, shall be increased by one percent (1%) of the total of both the employee beneficiary's monthly pension amount, as calculated under section 7 of this chapter, and any supplemental benefit amount that the employee beneficiary receives under IC 10-12-5.

(b) The increases specified in this section:

(1) must be based on the date of the employee beneficiary's latest retirement or disability;

(2) do not apply to the benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law, subject to subsection (c).

(c) If in 2014 a supplemental benefit under IC 10-12-5 is paid based on an increase in the sixth year trooper salary in 2014, an employee beneficiary shall receive the greater of:

(1) the increase in the supplemental benefit to which the employee beneficiary would be entitled without regard to this section as a result of an increase in the sixth year trooper salary in 2014; or

(2) the increase payable under this section.

SECTION 4. IC 10-12-4-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) The basic monthly pension amount (plus postretirement increases) payable after June 30, 2014, to an employee beneficiary of the state police 1987 benefit system who



retired or was disabled after June 30, 1987, and before July 2, 2013, shall be increased by seventy-five hundredths percent (0.75%) of the maximum basic monthly pension amount payable to a retired state police employee in the grade of a trooper who has completed twenty-five (25) years of service as of July 1, 2014, as calculated under section 7 of this chapter.

(b) The increases specified in this section:

(1) must be based on the date of the employee beneficiary's latest retirement or disability;

(2) do not apply to the benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law.

SECTION 5. IC 10-12-5-3, AS AMENDED BY P.L.5-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The pension advisory board that administers the pension under IC 10-12-3 shall direct and supervise the supplemental benefits provided in this chapter.

(b) The pension advisory board shall:

(1) annually provide a schedule showing the number of retirees receiving pension benefits under IC 10-12-3; and

(2) meet at least one (1) time each year to add to the regular pension benefit or annuity and any previously granted supplemental benefit the amount described in subsection (c) or

(d).

(c) This subsection applies only to a retiree who is eligible for the first time under section 2 of this chapter to receive a supplemental benefit. The supplemental benefit referred to in subsection (b)(2) for a retiree in the first year the retiree is eligible for a supplemental benefit is the sum of:

(1) the difference between:

(A) the retiree's pension benefit; and

(B) the pension benefit:

(i) received by an employee retiring in that year from the department with twenty (20) years of active service; and

(ii) computed on the day the pension advisory board meets as required under subsection (b)(2); plus

(2) any amount computed under subsection (d) after the date the retiree reaches fifty-five (55) years of age.

(d) This subsection applies to a retiree who is eligible under section 2 of this chapter to receive a supplemental benefit, but whose supplemental benefit is not computed under subsection (c). The supplemental benefit referred to in subsection (b)(2) is equal to fifty percent (50%) of the difference between:



1 (1) the pension benefits to be received by an employee retiring
2 from the department with twenty (20) years of active service the
3 day after a change in the monthly wage received by a police
4 employee in the grade of trooper at the beginning of the trooper's
5 sixth year of service; and

6 (2) the pension benefit received by an employee retiring from the
7 department with twenty (20) years of active service the day before
8 a change in the monthly wage received by a police employee in
9 the grade of trooper at the beginning of the trooper's sixth year of
10 service.

11 **(e) If in 2014 a supplemental benefit is paid under this section**
12 **based on an increase in 2014 of the monthly wage of a police**
13 **employee in the grade of trooper at the beginning of the trooper's**
14 **sixth year of service, an employee beneficiary shall receive the**
15 **greater of:**

16 (1) the increase in the supplemental benefit to which the
17 employee beneficiary would be entitled under this section
18 without regard to IC 10-12-3-8 as a result of an increase in the
19 monthly wage of a police employee in the grade of trooper at
20 the beginning of the trooper's sixth year of service; or

21 (2) the increase payable under IC 10-12-3-8.

22 **SECTION 6. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1231, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1231 as introduced.)

Committee Vote: Yeas 9, Nays 0

Representative Gutwein

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1231, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 12, delete "one" and insert "**five-tenths**".

Page 2, line 12, delete "(1%)," and insert "**(0.5%),**".

Page 2, line 14, delete "two" and insert "**one**".

Page 2, line 14, delete "(2%)," and insert "**(1%),**".

Page 2, line 16, delete "three" and insert "**one and five-tenths**".

Page 2, line 16, delete "(3%)," and insert "**(1.5%),**".

Page 3, line 28, delete "one" and insert "**five-tenths**".

Page 3, line 28, delete "(1%)," and insert "**(0.5%),**".

Page 3, line 30, delete "two" and insert "**one**".

Page 3, line 30, delete "(2%)," and insert "**(1%),**".

Page 3, line 32, delete "three" and insert "**one and five-tenths**".

Page 3, line 32, delete "(3%)," and insert "**(1.5%),**".

Page 4, between lines 12 and 13, begin a new paragraph and insert:
"SECTION 3. IC 10-12-3-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Subject to subsection (c), the basic monthly pension amount (plus postretirement increases) payable after June 30, 2014, to an employee beneficiary of the state police pre-1987 benefit system who retired or was disabled before July 2, 2013, and who had at least twenty (20) years of service, shall be increased by one percent (1%) of the total of both the employee beneficiary's monthly pension amount, as calculated under section 7 of this chapter, and any supplemental benefit amount that the



employee beneficiary receives under IC 10-12-5.

(b) The increases specified in this section:

- (1) must be based on the date of the employee beneficiary's latest retirement or disability;
- (2) do not apply to the benefits payable in a lump sum; and
- (3) are in addition to any other increase provided by law, subject to subsection (c).

(c) If in 2014 a supplemental benefit under IC 10-12-5 is paid based on an increase in the sixth year trooper salary in 2014, an employee beneficiary shall receive the greater of:

- (1) the increase in the supplemental benefit to which the employee beneficiary would be entitled without regard to this section as a result of an increase in the sixth year trooper salary in 2014; or
- (2) the increase payable under this section."

Page 4, line 19, delete "one" and insert "seventy-five hundredths".

Page 4, line 19, delete "(1%)" and insert "(0.75%)".

Page 4, delete lines 29 through 42, begin a new paragraph and insert:

"SECTION 4. IC 10-12-5-3, AS AMENDED BY P.L.5-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The pension advisory board that administers the pension under IC 10-12-3 shall direct and supervise the supplemental benefits provided in this chapter.

(b) The pension advisory board shall:

- (1) annually provide a schedule showing the number of retirees receiving pension benefits under IC 10-12-3; and
- (2) meet at least one (1) time each year to add to the regular pension benefit or annuity and any previously granted supplemental benefit the amount described in subsection (c) or (d).

(c) This subsection applies only to a retiree who is eligible for the first time under section 2 of this chapter to receive a supplemental benefit. The supplemental benefit referred to in subsection (b)(2) for a retiree in the first year the retiree is eligible for a supplemental benefit is the sum of:

(1) the difference between:

(A) the retiree's pension benefit; and

(B) the pension benefit:

- (i) received by an employee retiring in that year from the department with twenty (20) years of active service; and
- (ii) computed on the day the pension advisory board meets



as required under subsection (b)(2); plus

(2) any amount computed under subsection (d) after the date the retiree reaches fifty-five (55) years of age.

(d) This subsection applies to a retiree who is eligible under section 2 of this chapter to receive a supplemental benefit, but whose supplemental benefit is not computed under subsection (c). The supplemental benefit referred to in subsection (b)(2) is equal to fifty percent (50%) of the difference between:

(1) the pension benefits to be received by an employee retiring from the department with twenty (20) years of active service the day after a change in the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service; and

(2) the pension benefit received by an employee retiring from the department with twenty (20) years of active service the day before a change in the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service.

(e) If in 2014 a supplemental benefit is paid under this section based on an increase in 2014 of the monthly wage of a police employee in the grade of trooper at the beginning of the trooper's sixth year of service, an employee beneficiary shall receive the greater of:

(1) the increase in the supplemental benefit to which the employee beneficiary would be entitled under this section without regard to IC 10-12-3-8 as a result of an increase in the monthly wage of a police employee in the grade of trooper at the beginning of the trooper's sixth year of service; or

(2) the increase payable under IC 10-12-3-8."

Delete pages 5 through 6.

Page 7, delete lines 1 through 16.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1231 as printed January 16, 2014.)

BROWN T, Chair

Committee Vote: yeas 17, nays 0.

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